



FACT VS. FICTION SUPPORT SB 977 (MONNING)

FICTION: SB 977 would grant the Attorney General authority to review any and all agreements or transactions a health system, private equity group, or hedge fund enters into with another provider.

FACT: SB 977 would grant the Attorney General the limited authority to review only those transactions that result in the health system, private equity group, or hedge fund acquiring or obtaining control over a provider's services or facilities. SB 977 does NOT cover employment arrangements or lease agreements unless the lease agreement is the equivalent of a sale.

FICTION: SB 977 is unnecessary because antitrust laws already exist.

FACT: Existing antitrust laws are not specific to healthcare markets and do not always provide the Attorney General with notification of proposed healthcare transactions. SB 977 would require healthcare systems, hedge funds or private equity groups to notify of the Attorney General of proposed transactions before they occur and approval to prevent future harm to the healthcare market.

FICTION: SB 977 will hurt the healthcare market by preventing health systems, private equity groups, and hedge funds from providing financial assistance to physicians and hospitals.

FACT: SB 977 protects patients and their access to affordable healthcare. SB 977 requires health systems, private equity groups, and hedge fund seeking to acquire or control a provider to demonstrate to the Attorney General that patients will benefit in the form of better quality, prices, or access to underserved populations as a result of the transaction.

FICTION: SB 977 will create an extremely burdensome process which will deter consolidation transactions.

FACT: The Attorney General's review of proposed transactions under SB 977 consists of a 60 day initial review period and includes an expedited 30 day review process for specified transactions. The review process under SB 977 is consistent with the Attorney General's existing review process for non-profit healthcare facilities.



WANT MORE FACTS?

Look at what scholars and news outlets have to say about the harm over consolidation can cause the healthcare market and how SB 977 would give the Attorney General the tools to stop it:

- The California Health Care Foundation (CHCF) estimates the pandemic and accompanying recession are likely to accelerate consolidation and pressure to increase health care prices.
<https://elink.clickdimensions.com/m/1/52313696/02-b20156-a2924a345521402dbf327860ac40c3e8/1/40/8f5cfbca-f43b-4c69-b506-a8d61446691f>
- The CHCF explains how current antitrust law is insufficient because it does not require entities to notify the Attorney General prior to a consolidation transaction.
<https://www.chcf.org/publication/examining-authority-californias-attorney-general-health-care-mergers/>
- The NY Times explains how the Attorney General brought suit against one of the state's largest health systems, Sutter Health, for accusations of price gouging and monopolistic practices. The article also describes why the COVID- 19 pandemic has made this "the moment where strong antitrust enforcement is more important than ever."
<https://www.nytimes.com/2020/07/10/health/coronavirus-sutter-california-hospitals.html>
- The NY Times shines a light on how some hospital CEOs have made financial decisions to benefit their pockets rather than patients.
<https://www.nytimes.com/2020/06/08/business/hospitals-bailouts-ceo-pay.html>
- Health Leaders highlights how the Attorney General has made battling health care consolidation a signature issue since he took office in 2017.
<https://www.healthleadersmedia.com/strategy/california-ag-seeks-more-power-battle-merger-hungry-health-care-chains>
- The Nicholas C. Petris Center on Healthcare Markets Consumer Welfare reported how hospitals with a larger share of net patient revenue from private insurers and hospitals residing in highly concentrated hospital markets received larger federal relief payments.
<https://petris.org/category/recent-news/>

Contact:

Jenny Mae Phillips
Special Assistant to the Attorney General
California Department of Justice
(916) 639-1436
Jenny.Phillips@doj.ca.gov